



Newsroom

EXCLUSIVE

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## G2E: Using a credit card to gamble on a slot machine? There may soon be an app for that

Howard Stutz, CDC Gaming Reports · October 21, 2019 at 6:00 am

Casino equipment manufacturers spent three days at last week's Global Gaming Expo in Las Vegas touting 21<sup>st</sup> century technology to engage customer interest, such as 3D and 4D slot machine graphics and virtual reality-type displays.

However, using a digital wallet application on a mobile phone to buy gaming credits for slot machine play is seemingly 22<sup>nd</sup> century technology.

"Why is the casino floor one of the last cash-only businesses on Earth, right down there with garage sales and flea markets?" American Gaming Association CEO Bill Miller asked during his opening G2E address.

Penn National Gaming CEO Tim Wilmott, whose company operates 41 casinos in 19 states, was also blunt, saying, "We're prehistoric as an industry on how customers engage with us financially."



Gaming equipment providers, however, are pushing ahead with changes.

Everi Holdings is leading the effort with a virtual wallet for casino customers, allowing players to use their mobile devices to activate slot machines. The app allows a patron to load credit or debit card information onto the platform, which can be tied to their player loyalty account.

Customers have control over how much money goes into the application. They can make cash withdrawals at the casino cage or a kiosk.



Everi CEO Mike Rumbolz

### Barriers to entry



Getting on the casino floor has obstacles, predominately state and federal regulatory issues.

Everi CEO Mike Rumbolz said e-wallets require companies to have federally regulated money transmitter licenses overseen by the Federal Deposit Insurance Corporation (FDIC), which insures the funds on an account. Everi has obtained those approvals.

"Part of what we're doing is letting casinos know these are the kind of hurdles you need to overcome before you ever get to the gaming regulators," Rumbolz said. "The casino isn't holding the money. The money transmitter (Everi) is holding the money. It relieves the casino from having to go out and get licenses and act like a bank. Everi has already done all of that."

Rumbolz said Everi's "CashClub Waller" is now being tested in two large American Indian casinos that the company believes will provide a variety of information about customer usage and acceptance.

"The pilot test will determine adoption rate from the players, and we're doing this with a random selection of casino customers, including VIP players," Rumbolz said. "They're using the app in a variety of places in the casinos."

Rumbolz said the company is interested in the adoption rate of the digital wallet. Based on statistics for Apple Pay, a digital wallet, he said the company can expect a 20 percent adoption by the general public for small purchases, such \$5, \$10 or \$15.



"CashClub Wallet"  
mock up/via Everi

"We don't know yet what the adoption rate for \$50 and \$100 slot and table purchases will be," he said.  
Everi is hopeful the application could be available on gaming floors next year.

### Casino industry watching

Miller said gaming customers utilize credit and debit cards or their mobile devices with digital wallets and Apple Pay throughout the hospitality industry. Having casino floors transition toward cashless payments is a key gaming industry initiative being championed by the Washington D.C.-based AGA.

"We're a mature U.S. industry," Miller said. "When you look at how younger people are paying for things, we need to better accommodate our customers as a forward-thinking hospitality industry."

Wilmott, who is the AGA's chairman, said casino customers are going to demand electronic payments, as they would in any other retail or commercial industry. He said casino operators are working with gaming regulators in states throughout the U.S. on how to implement the process.

"We want an all-electronic funds transfer to be part of the casino experience, just like any other industry," Wilmott said. "It's a slow process (with regulators) but we know we can demonstrate that we have very complete and sound customer information, even more so because of what we have in place today."

Rumbolz, who was the youngest-ever chairman of Nevada's Gaming Control Board back in the 1980s, said International Game Technology actually help ban credit cards from being utilized in slot machines more than two decades ago.

A developer not associated with the gaming industry was issued a series of patents for allowing credit card use on slots. IGT went to the Nevada Legislature and successfully lobbied for a bill that would outlaw the idea.

"Nevada is still the only state with a statute that says you can't use credit cards in slot machines," Rumbolz.

Instead, other IGT and other manufacturers pushed ticket-in-ticket-out regulations to introduce cashless gaming, which are now found throughout the casino industry.

### Cash is still king

But the gaming aspect still requires cash to begin the activity.

"This is a work around to not putting a credit card into a slot machine," Rumbolz said. "You don't have to physically take your Visa or American Express or MasterCard and shove it into a slot machine. You can use the account as a proxy. You're still able to access multiple accounts."

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Scientific Games and other equipment manufacturers are developing digital wallets, but analysts said Everi is ahead of the pack.

"We could see Everi's mobile wallet as a long-term growth driver as casinos transition more to cashless," SunTrust Bank gaming analyst Barry Jonas told investors. "While we also (sampled) a host of competing products, we still see Everi as the dominant player with the most complete and dependable offering."

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